



# ITG News

Keeping First Nations Informed



Publication 4267E

Catalog Number 37832Y

Pacific Northwest Edition

October 2003

## Message From The Director



Welcome to the initial issue of our quarterly *ITG News* for Indian Tribes located within the Northwestern U.S. As the IRS Office of Indian Tribal Governments moves to expand its efforts to assist federally-recognized tribes with addressing federal tax administration issues, we will continue to explore new methods to effectively communicate with tribes, and ensure the timely distribution of information. I hope that you find this newsletter to be a valuable tool.

We have a number of other information mechanisms available to assist you. We are continuing to enhance our web site for tribes at [www.irs.gov/tribes](http://www.irs.gov/tribes), which includes recent information on regulatory issuances, links to common tax forms, answers to Frequently Asked Questions, return filing addresses, and updates on the Advisory Committee to the TEGE Commissioner, a group that includes two representatives from Indian tribes. We also offer toll-free telephone assistance at (877) 829-5500.

We want this to be your newsletter, so if there are any areas you would like addressed, please let us know. As always, I welcome your feedback on our operations, and particularly your suggestions on how we might improve our service to you. Please feel free to contact any of our Specialists at any time, or you may always contact me at (202) 283-9800, or via e-mail at [christie.jacobs@irs.gov](mailto:christie.jacobs@irs.gov).

Christie Jacobs

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## New Casino Report Form Implemented

Effective October 1, 2003, FinCEN Form 103 has replaced Form 8362 (Currency Transaction Report for Casinos). A link to the new form is available on the ITG web site at [www.irs.gov/tribes](http://www.irs.gov/tribes). See page 6 for additional information.

# Federal Tax Calendar for Fourth Quarter 2003

## October 2003

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3 * Payroll date 9/27 - 9/30	4
5	6	7	8 * Payroll date 10/1 - 10/3	9	10 * Payroll date 10/4 - 10/7 Employees report September tips to employer	11
12	13	14	15 ** Monthly payroll tax deposit for September	16 * Payroll date 10/8 - 10/10	17 * Payroll date 10/11 - 10/14	18
19	20	21	22 * Payroll date 10/15 - 10/17	23	24 * Payroll date 10/18 - 10/21	25
26	27	28	29 * Payroll date 10/22 - 10/24	30	31 * Payroll date 10/25 - 10/28	

## November 2003

SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5 * Payroll date 10/29 - 10/31	6	7 * Payroll date 11/1 - 11/4	8
9	10 Employees report October tips to employer	11	12	13 * Payroll date 11/5 - 11/7	14 * Payroll date 11/8 - 11/11	15
16	17 ** Monthly payroll tax deposit for October	18	19 * Payroll date 11/12 - 11/14	20	21 * Payroll date 11/15 - 11/18	22
23	24	25	26 * Payroll date 11/19 - 11/21	27	28	29
30						

\* = Make a Payroll Deposit if you are under the semi-weekly deposit rule. \*\* = Make a Monthly Deposit if you qualify under that rule.

NOTE: Deposits made through EFTPS are due one day prior to the dates listed.

## December 2003

SUN	MON	TUE	WED	THU	FRI	SAT
	1 * Payroll date 11/22-11/25	2	3 * Payroll date 11/26-11/28	4	5 * Payroll date 11/29-12/2	6
7	8	9	10 * Payroll date 12/3 - 12/5 > Employees report November tips to	11	12 * Payroll date 12/6 - 12/9	13
14	15 ** Monthly payroll tax deposit for November	16	17 * Payroll date 12/10-12/12	18	19 * Payroll date 12/13-12/16	20
21	22	23	24 * Payroll date 12/17-12/19	25	26	27
28	29 * Payroll date 12/20-12/23	30	31 * Payroll date 12/24-12/26			

\* = Make a Payroll Deposit if you are under the semi-weekly deposit rule.

\*\* = Make a Monthly Deposit if you qualify under that rule.

NOTE: Deposits made through EFTPS are due one day prior to the dates listed

### Return Filing Dates

#### By October 31

File Form 941 for the third quarter of 2003. If the tax was deposited in full and on time, file by November 10.

File Form 730 on applicable wagers accepted during September 2003.

#### By November 30

File Form 730 for applicable wagers accepted during October 2003.

#### By December 31

File Form 730 for applicable wagers accepted during November 2003.

To add your name or e-mail address to our mailing list, please contact us via e-mail at [Carol.A.Czolowski@irs.gov](mailto:Carol.A.Czolowski@irs.gov), or call Carol Czolowski at (801) 620-5048

*Account or Tax Questions??*  
*Call Customer Account Services at*  
*877-829-5500*

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## **ITG Customer Satisfaction Survey Results**

In July we mailed our first ever Customer Satisfaction Survey to each of the 564 federally-recognized tribes. This effort was part of our desire to have our customers provide us with direct feedback on how well we are doing our job and meeting their needs and expectations.

The overall level of satisfaction was very high. However, that does not mean that we cannot improve. In fact, the survey results provided us with several areas where we will be undertaking actions. Many of those actions are included in a summary that we posted to our web site at [www.irs.gov/tribes](http://www.irs.gov/tribes), but we also want to share some of the more significant actions that we are planning.

First, we will be making a renewed effort to ensure that every tribe is aware of our office and our mission. We will attempt to accomplish this through a marketing effort that will provide tribal contacts with readily accessible information on contact points and work hours for their assigned field specialists. We will also provide information on back-up contacts in the event that the primary contact is not available.

Second, we are initiating steps to improve access to our office and tax information through our web site. Many of our existing features, including our e-mail link, will be redesigned to attempt to improve their visibility, and the ability of our customers to locate the information that is utilized the most often. We will also be focusing efforts on working with tribes to remedy the cause of penalties, and to better address the tax issues for their members. Other actions are listed on our web site.

We want to thank each tribe that took the time to complete and return the survey. Your feedback is very important to us, and we look forward to your continuing feedback in the future.

## **Meet The Specialists**

In order to provide quality service to the tribes, ITG hired individuals who serve as specialists and work “one-on-one” with the tribes. The specialists for the Pacific Northwest are listed on page 10.

These individuals received specialized training in areas such as Employment Taxes, Title 31, Casino Gaming, and Protocol, and can address issues unique to Indian country. Issues may relate to tribal governments as employers, distributions to tribal members and the establishment of governmental programs, trusts, and businesses.

Each of the ITG Specialists is assigned to specific tribes and serves as their single point of contact for assistance and service. If you are unaware of the contact person for your tribe and would like to speak with your Specialist, please contact Group Manager, Debra W. Thompson at (702) 455-1379 or via e-mail at [Debra.W.Thompson@irs.gov](mailto:Debra.W.Thompson@irs.gov), to find the Specialist for your tribe.

Publication 3908—Gaming Tax Law for Indian Tribal Governments has been revised.  
The updated version is now available through our Distribution Centers or by contacting your ITG Specialist.

## **Update on Consultation Listening Meetings**

Based on the recommendations of the Advisory Committee to the Tax Exempt Government Entities Commissioner, we are currently holding a series of 12 “listening” meetings that are designed to allow tribal input into the scope and process that might be employed in an eventual IRS/Tribal Consultation Policy.

We have completed six of the meetings and have received valuable ideas. However, there are still six additional meetings that will be held during the next three months as follows:

Wednesday October 15<sup>th</sup>  
1:00-4:00pm  
Holiday Inn – Duluth, Minnesota  
200 West First Street

Thursday October 23<sup>rd</sup>  
1:00-4:00pm  
Westmark Hotel – Anchorage, Alaska  
720 West 5<sup>th</sup> Street

Tuesday November 18<sup>th</sup>  
1:00-4:00pm  
U.S. Mint Building – Washington, D.C.  
801 9<sup>th</sup> Street NW

Tuesday December 9<sup>th</sup>  
9:30am-12:30pm  
Courtyard by Marriott (Airport) – Albuquerque, New Mexico  
1920 Yale Blvd SE

Wednesday December 10<sup>th</sup>  
Navajo Nation  
Time and Location TBA

Thursday December 11<sup>th</sup>  
1:00-4:00pm  
Hilton Phoenix East – Mesa, Arizona  
1011 West Holmes Avenue

If you are interested in participating, you can attend any of the remaining meetings by registering on-line through the registration link on our web site at [www.irs.gov/tribes](http://www.irs.gov/tribes). You can also submit input through the e-mail link on the bottom of the registration page. Once all of the meetings are completed, we will be posting a summary of the input received to our web site, and inviting additional comments before any drafting process begins.

## **Patriot Act Communication System**

With the passage of the USA PATRIOT Act of 2001, the Financial Crimes Enforcement Network (FinCEN) was tasked with developing a highly secure network to allow filing institutions to electronically file Bank Secrecy Act (BSA) forms, in particular Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs).

In order to meet these requirements, FinCEN has developed the Patriot Act Communication System ("PACS"). The system will allow:

- Filing institutions and other organizations to electronically file CTRs and SARs in a highly secure fashion over the Internet. This includes both single forms as well as batches of forms (i.e., multiple CTRs or SARs contained in electronic batches).
- FinCEN to issue advisories and PACS system updates to the PACS user community
- Members of filing institutions to send secure messages to FinCEN (and receive responses where appropriate).

Effective October 1, 2003 PACS will include the following new forms:

- FinCEN Form 101 (SAR by the Securities and Futures Industries)
- FinCEN Form 102 (SAR by Casinos and Card Clubs)
- FinCEN Form 103 (CTR by Casinos), and
- Form TDF 90-22.56 (SAR by Money Services Business).

### How PACS Will Work

*Accessing PACS:* The PACS system will be hosted on a secure website on the Internet. Filing institution personnel will be able to access PACS only after they have applied for and received a digital certificate from a Government-approved certificate authority.

*Using PACS to File BSA Forms:* Some institutions regularly file thousands of electronic CTRs and dozens of SARs at a single time. Other institutions file only a small number of electronic or paper-based CTRs and SARs yearly. For both, PACS will serve as another, more efficient conduit for filing BSA forms with the Government. Filing institutions will not be required to file BSA forms using PACS; it will instead be another avenue available to them for filing. All BSA forms and data submitted to PACS are encrypted for protection. At the end of each day, PACS will deliver all submitted BSA data to the IRS Detroit Computing Center for processing. Electronic notification of filings will be provided by PACS to filing institutions.

*Alerts and Secure Messaging:* FinCEN will use PACS to issue alerts consisting of FinCEN advisories, PACS System updates, and other communications to the PACS user community.

For further information about filing through PACS, visit <http://pacs.treas.gov>. If you have any questions concerning the system, please contact the PACS Help Desk at 1-888-827-2778 (option 6) or via e-mail at [PACSHelp@notes.tcs.treas.gov](mailto:PACSHelp@notes.tcs.treas.gov).

### **ALERT**

**Claims for refunds of Federal Unemployment Taxes paid for the tax year of 2000 must be received by the Internal Revenue Service before January 31, 2004. See page 8 for further information.**

## **Treatment and Reporting of Certain Payments to Tribal Council Members**

### Tribal Council Members

Although Revenue Ruling 59-354 holds that salaries paid for services performed as council members do not constitute wages for purposes of FICA or income tax withholding, such payments are subject to federal income tax regardless of whether tax was withheld or a Form W-2 was issued. Their salaries are reported on Form 1040, Line 7. Payments of \$600 or more are reported on Form W-2. Do not report these payments on Form 1099-Miscellaneous.

Hopefully, the following examples will help clarify any questions you may have.

### Situation 1

A Tribal government pays an individual \$200 in a calendar year for meeting stipends as a tribal council member. The Tribal government does not employ the council member in any other capacity.

Neither FICA tax nor income tax withholding applies to the \$200 payment. Because the council member earns fees that are less than \$600, the Tribal government is not required to issue Form W-2, but the individual must still report the income on their federal income tax return.

### Situation 2

A Tribal government pays a tribal council member \$1,100 in

the calendar year for meeting stipends. The Tribal government does not employ the council member in any other capacity.

Neither FICA tax nor income tax withholding applies to the \$1,100 paid to the council member for the calendar year. The Tribal government must report on Form W-2 Box 1 the meeting fees of \$1,100. There are no entries in boxes 2, 3, 4, 5, or 6, or you can enter zeros if you prefer. The employee must report the full \$1,100 as wages on their federal income tax return.

### Situation 3

A Tribal government pays a council member \$200 in a calendar year for meeting stipends. The Tribe also employs the council member in another capacity, in which the employee earned wages of \$300 that are subject to income tax and FICA withholding.

Neither FICA tax nor income tax withholding applies to the \$200 paid to the employee for services as a tribal council member, but the \$300 payment is subject to income tax and FICA withholding. The Tribal government must report on Form W-2 the \$300 payment and the income tax withheld. The \$200 payment is not required to be reported

on Form W-2 because the total of the two payments is less than \$600 for the calendar year. However, the full \$500 must be reported by the employee on their federal income tax return.

### Situation 4

A Tribal government pays a council member \$200 in a calendar year for meeting stipends. The Tribe also employs the council member in another capacity, in which the employee earned wages of \$500 that are subject to income tax and FICA withholding.

Neither FICA tax nor income tax withholding applies to the \$200 paid to the employee for services as a tribal council member. The \$500 payment is subject to income tax and FICA withholding. Because the total of the two payments is \$600 or more for the calendar year, the Tribal government must report on Form W-2 both the \$200 and the \$500 payments, and the amount of income tax withheld. Box 1 of Form W-2 will reflect \$700 for total wages, Box 3 will reflect \$500 for FICA wages, and Box 5 will reflect \$500 for Medicare wages. The applicable federal income tax withheld will be shown in Box 2, while Boxes 4 and 6 will reflect the FICA and Medicare tax withheld. The full \$700 must be reported by the employee on their federal income tax return.



## Federal Unemployment Tax Refunds

Are you a federally recognized tribe or an enterprise of a federally recognized tribe?

Have you made payments to your State for Unemployment Tax for your workers, or have you made an agreement to reimburse the State for payments of Unemployment benefits paid to your employees?

If your answer to the two questions above is yes, you are entitled to a refund of all Federal Unemployment Taxes you paid for your workers for the tax year of 2000 and subsequent years. Treasury Announcement 2001-16, February 20, 2001, 2001-8 I.R.B. page 715 allows tribes to reimburse the states for any unemployment taxes and to elect to exclude payment of FUTA taxes after 12/20/2000. A transition rule in Pub. L. No. 106-554, 114 Stat. 2763, allows for the electing tribe to exclude the FUTA for the year 2000, if unemployment taxes are paid to their respective state.

Contact your local Indian Tribal Government Specialist to obtain instructions for claiming your refund of Federal Unemployment Taxes. The name of your local Indian Tribal Government Specialist is provided on page 10. **Remember to file your claim for tax year 2000 before January 31, 2004.**

## Annual Wage Reporting

Human Resources and Payroll departments will soon be gearing up for preparation and distribution of W-2 information to employees and to the Social Security Administration. Now is the time to take positive action to prevent most common wage reporting errors when submitting Form W-2 information to the Social Security Administration. Forms W-2, whether filed on paper, by magnetic media, or by electronic means, must be accurate for Social Security to post the information to the correct worker's Social Security record.

Each worker's earnings record contains wage information provided by employers over a lifetime of work. From those earnings all benefits for retirement, disability, or survivors' benefits are paid, including eligibility for Medicare. The Social Security Administration receives and processes over 235 million W-2's each year from employers and each year a significant number contain errors that cause workers' earnings to be placed in the suspense file until the correct information is furnished. There are currently 220 million wage items in the suspense file and the number increases by about 6 million a year.

To minimize the number of wage items going into the suspense file, employers should:

- 1) Make sure the quarterly Form 941 information is balanced and matches the information needed to prepare Form W-2 reports and Form W-3 at the end of the year. Form 941 information provided to IRS must agree with W-3 information provided to the Social Security Administration.
- 2) Ensure your software has the correct tax year before processing or printing W-2 data.
- 3) Accurately follow the published guidelines for magnetic media and electronic filers according to the latest publications for the current tax year.
- 4) Use the Employee Verification Service (EVS) for verification of Social Security Numbers. This is a free service for employers.
- 5) Visit the Social Security web site for employers, Business Services Online, at [www.ssa.gov/employer](http://www.ssa.gov/employer) for information on wage reporting and links to other government web sites that can be useful to employers who have questions during the filing season.





## **W-2 Electronic Filing Instead of Using Paper W-2s / W-3s**

### **It's Free, Fast and Secure!**

- It **saves YOU time!**
- It offers a **later filing deadline** (electronic filers have until March 31 to file, instead of February 28 for all other filing methods).
- It provides an **electronic receipt** you can print as proof of timely filing.
- Filing with SSA is **paperless** – no forms to mail.
- You can **track the status** of your W-2 report as it's processed within SSA.
- You don't need forms or a typewriter. To file 20 or fewer W-2's, all you need is a computer with access to the **Internet** and a **printer** to print W-2s for your employees and your records!
- Best of all – **IT'S FREE!**

### **Just Follow Two Simple Steps**

1. Go to [www.ssa.gov/employer](http://www.ssa.gov/employer) and select *Business Services Online* (formerly *Employer Services Online*). Follow the *Registration* prompts. You'll get a Personal Identification Number (PIN) immediately. We'll mail you a password within 10 to 14 days.
2. Any time between January 5, 2004 and March 31, 2004, go back to *Business Services Online*, log on with your PIN and password, and begin using W-2 Online by selecting *Create W-2's*.

### **Where to Go for Help**

Everything you need to know about filing Forms W-2 electronically with SSA can be found in the [\*Business Services Online Handbook\*](#). To view and print the *Handbook*, go to [www.ssa.gov/employer](http://www.ssa.gov/employer) and select *How to File*. You can also visit our web site for a *Vendor List* of companies that offer other electronic filing services or products. If you have further questions:

- For general electronic filing questions, call 800-772-6270.
- For technical support, such as connection and transmission questions, call 888-772-2970.

**Electronic Filing – It's Here Today!**

## ITG Area Contacts

### **PACIFIC NORTHWEST**

Alaska, Idaho, Oregon, Washington

### **SPECIALISTS**

#### **Bill Barker**

Spokane, WA

509-353-0825

William.J.Barker@irs.gov

#### **Carol Czolowski**

Ogden, UT

801-620-5048

Carol.A.Czolowski@irs.gov

#### **Michael Fehrenbacher**

Vancouver, WA

360-696-7643 ext. 227

Michael.Fehrenbacher@irs.gov

#### **John Mandeville**

Spokane, WA

509-353-0807

John.M.Mandeville@irs.gov

#### **Judy Pearson**

Anchorage, AK

907-271-6949

Judy.M.Pearson@irs.gov

#### **Connie Perkins**

Salem, OR

503-399-5623 ext. 251

Connie.K.Perkins@irs.gov

#### **Debra W. Thompson, Manager**

Las Vegas, NV

702-455-1379

Debra.W.Thompson@irs.gov

#### **Connie Albertson, Management Assistant**

Las Vegas, NV

702-455-1247

Connie.Albertson@irs.gov

### **Telephone, Internet, & Mailing Address**

- **Call: Customer Account Services** toll free **877-829-5500**
- **Visit: Indian Tribal Governments** Web site at **[www.irs.gov/tribes](http://www.irs.gov/tribes)**
- **Write: Internal Revenue Service**  
 Indian Tribal Governments SE:T:GE:ITG  
 1111 Constitution Ave., NW  
 Washington, DC 20224